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E.O. 12958: DECL: 09/12/2016

TAGS: [KTFN](#) [PTER](#) [TU](#) [IZ](#)

SUBJECT: TURKEY - ASSESSMENT OF TERRORIST/INSURGENT FINANCE  
OPERATING ENVIRONMENTS IN COUNTRIES NEIGHBORING IRAQ

REF: A. STATE 132693

[1](#)B. ANKARA 5139

Classified By: Economic Counselor Thomas Goldberger for reasons  
1.4(b) and (d).

[1](#)1. (S) SUMMARY AND INTRODUCTION: This cable details Embassy Ankara's assessment of the terrorist/insurgent financing environment in Turkey as requested in ref a. Embassy Ankara and our Turkish Government contacts have little information about support for the Iraqi insurgency coming from Turkey. We have every reason to believe, however, that some degree of support does originate in -- or transit through -- Turkey but it is highly clandestine and, if known, would be vigorously countered by the Turkish authorities. End Summary.

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Background Information  
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[1](#)2. (S) The Turkish authorities do not permit terrorist/insurgent recruitment, training, or travel facilitation in Turkey, and take prompt action against attempts to engage in such activities when they are discovered. Neither Embassy Ankara nor our contacts are aware of any specific information regarding fundraising, movement of funds or materials, travel facilitation, recruitment web-hosting, or training camps in Turkey relating to the Iraqi insurgency. The Turkish National Police (TNP) have substantial resources devoted to counterterrorism; however, they view PKK and other homegrown Turkish terrorist groups such as DHKPC as their priority targets. The Government of Turkey (GOT) maintains close relationships with USG intelligence agencies working on these issues, and where appropriate the USG has provided training opportunities to Turkish counterparts in the police and judicial sectors to combat terrorism, including terrorism financing.

[1](#)3. (S) If donations to the Iraqi insurgency are originating in Turkey, they likely would not be channeled through mosques which are under state control; all imams are civil servants who work for, and are supervised by, the Religious Affairs Directorate(Diyanet)in Ankara. Donations would have to be collected in a clandestine fashion. Given that overall financial control mechanisms are relatively weak and the Turkish authorities' focus on homegrown terrorist groups,

support for the insurgency could flow through Turkey undetected, particularly through the use of cash couriers and alternative remittance systems (hawalas).

¶4. (S) Post is not aware of any individuals playing a role in raising funds for the Iraqi insurgency. However, Jihadist groups with sympathy for the Iraqi insurgency do exist in Turkey and could be providing support. We do not believe any former members of Saddam Hussein's regime reside in Turkey. We are not aware of funds flowing from Iraq into or through Turkey to finance terrorist activity elsewhere, other than PKK funds emanating from the PKK headquarters in northern Iraq (or PKK entities in Europe) that flow into Turkey for use in PKK attacks in Turkey.

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Current Legal Regime  
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¶5. (SBU) Turkey's current legal framework is not equipped to effectively combat financial flows through Turkey to terrorist groups inside or outside Turkey. Information on Turkey's AML/CTF regime is available in the INSCR report and from previous post reporting. Various existing laws with provisions that can be used to punish the financing of terrorism include articles 220, 314, and 315 of the Turkish penal code, which prohibit assistance in any form to a criminal organization or to any organization that acts to influence public services, media, proceedings of bids, concessions, and licenses, or to gain votes, by using or threatening violence. The Government of Turkey (GOT) submitted to Parliament in November 2005 the "MASAK law" (named after the Turkish financial crime intelligence agency that it seeks to reorganize). The law was approved by Parliamentary commission early in 2006 but Parliament recessed for the summer without having passed this legislation. Passage is expected when Parliament reconvenes. Separately, the Turkish Government declined to amend Turkey's Anti-Terror Law in 2006 to extend the definition of terrorism beyond acts directly aimed at Turkish interests. Though the recently-passed amendments to that law explicitly criminalized terrorism finance, until the definition is expanded, under Turkish law there is no predicate offense that would permit action against financing in support of international terror groups.

¶6. (SBU) Turkey first criminalized money laundering in 1996. The law included a wide range of predicate offenses, including narcotics-related crimes, smuggling of arms and antiquities, terrorism, and counterfeiting. Under the law, whoever commits a money laundering offense faces a sentence of two to five years in prison, and is subject to a fine of double the amount of the money laundered and asset forfeiture provisions. Turkey has a system for identifying, tracing, freezing, and seizing assets that are not related to terrorism, although the law allows only for their criminal forfeiture and not their administrative forfeiture. Legitimate businesses can be seized if used to launder drug money or support terrorist activity, or are related to other criminal proceeds. Additional anti-money laundering legislation enacted in 2004, which took effect in June 2005, broadly defines money laundering to include all predicate offenses punishable by one year's imprisonment.

¶7. (SBU) Turkey's Council of Ministers (COM) promulgated a decree (2483/2001) to freeze all the funds and financial assets of individuals and organizations included on the UNSCR 1267 Sanctions Committee's consolidated list, which is distributed to all relevant agencies and financial institutions. However, the tools currently available under Turkish law for locating, freezing, seizing, and confiscating terrorist assets are cumbersome, limited, and not particularly effective. For example, there is no legal mechanism to freeze the assets of terrorists not on the 1267 committee's consolidated list.

¶8. (SBU) Turkey is a member of the Financial Action Task Force (FATF), and MASAK is a member of the Egmont Group.

FATF is currently conducting a mutual review of Turkey's AML/CTF regime. Turkey is a party to the UN International Convention for Suppression of the Financing of Terrorism, and has signed and ratified the UN Convention on Laundering, Search, Seizure, and Confiscation of the Proceeds of Crime. However, Turkey's implementation efforts on the UN anti-financial crime conventions have been weak thus far, and Turkey is probably not currently compliant with FATF's Special Recommendations on Terrorist Financing. The new MASAK law, when passed, will likely improve Turkey's level of compliance with these special recommendations.

¶9. (SBU) The COM passed a set of regulations that require the filing of suspicious transaction reports (STRs), customer identification, and the maintenance of transaction records for five years. These regulations apply to banks and a wide range of non-bank financial institutions, including insurance firms and jewelry dealers. The number of STRs being filed is quite low, even taking into consideration the fact that many commercial transactions are paid in cash. From January to November 2005, 266 STRs were filed. A possible reason for this is the lack of safe harbor protection for bankers and other filers of STRs. The MASAK law, once passed, will provide for safe harbor for filers of STR's.

¶10. (SBU) Turkey does not have foreign exchange restrictions. With limited exceptions, banks and special financial institutions must inform authorities, within 30 days, about transfers abroad exceeding \$50,000 or its equivalent in foreign currency notes (including transfers from foreign exchange deposits). Travelers may take up to \$5,000 or its equivalent in foreign currency notes out of the country. Turkey does have cross-border currency reporting requirements.

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Implementation  
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¶11. (SBU) Turkey's administration and enforcement of counter-terrorist/insurgent financing measures is weak. Turkey's coordination among various entities charged with responsibility in its anti-money laundering and counterterrorist financing regime, including various courts with responsibilities for these issues, needs to improve before there can be any increase in the number of successful investigations and prosecutions. According to MASAK statistics, it has pursued more than 2,100 money laundering investigations since its inception, but as of July 2005, only eight had resulted in convictions. One factor contributing to the low conviction rate is the fact that Turkey's police, prosecutors, judges, and investigators need additional training in dealing with financial crimes. Only after the MASAK law is passed will Turkey have a specific government agency responsible for implementing terrorism finance legislation.

¶12. (SBU) Post is unaware of any raids or arrests of significant terrorist/insurgent finance personalities.

¶13. (SBU) Turkey has frozen assets of two individuals under UNSCR 1267: Yassin Al-Qadi (ref 5139) and Nasredin. The GOT circulates the names of UN-designated sanctions targets to all the relevant ministries and state entities, including TNP, jandarma, military, intelligence community, and banks. Turkey is willing and able to investigate, and, if appropriate, freeze assets based on information provided by the USG, but can only freeze the assets if the individual or group is designated by a UN Security Council resolution.

¶14. (SBU) Post believes Turkey has complied with its obligations under UNSCR 1483 to return former regime assets to the Development Fund for Iraq. In 2003 and 2004, post demarched the Turkish Government to repatriate Iraqi assets. Following discussions between CPA/Iraqi officials and Turkey, our understanding is that all claims were resolved.

¶15. (SBU) In July 2001, the Ministry of Finance issued a banking regulation circular requiring all banks, including

the Central Bank, securities companies, post office banks, and Islamic financial houses, to record tax identity information for all customers opening new accounts, applying for checkbooks, or cashing checks. The circular also requires exchange offices to sign contracts with their clients. The Ministry of Finance also issued a circular mandating that a tax identity number be used in all financial transactions as of September 1, 2001. Turkey does not have secrecy laws that prevent disclosure of client and ownership information to bank supervisors and law enforcement officials. According to anti-money laundering law Article 5, public institutions, individuals, and corporate bodies must submit information and documents as well as adequate supporting information upon the request of Turkey's Financial Crimes Investigation Board (MASAK) or other authorities specified in Article 3 of the law. Natural persons and corporate bodies from whom information and documents are requested may not withhold the requested items by claiming the protection provided by privacy provisions in order to avoid submitting the requested items. A new banking law was enacted in 2005 to strengthen bank supervision, pursuant to which the Banking Regulatory and Supervisory Agency (BRSA) conducts periodic anti-money laundering and compliance reviews under authority delegated by MASAK. Implementing regulations for the new law are in being prepared with implementation required under Turkey's IMF program by the end of 2006.

¶16. (SBU) Unlike in the formal financial sector, effective monitoring of alternative remittance systems and cash couriers, are weak. Alternative remittance systems are illegal in Turkey but are known to exist.

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Communication  
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¶17. (C) Turkey's ongoing struggle to combat domestic terrorism targeting Turkish interests makes it an ally in the fight against all types of violent extremism. Turkey publicly condemns terrorist acts. The Turkish Government opposes the insurgency in Iraq and shares our goal of a unified, stable, and peaceful Iraq; the GOT sees any sort of dismemberment of Iraq as against its interests and, to our knowledge, in no way supports the insurgency. Nor is it taking different positions on the insurgency with different audiences. If Embassy officials request information, the GOT is responsive to such requests. Post is unaware of the GOT's information sharing activities, if any, with the government of Iraq. If any individuals within Turkey desire to raise funds for insurgents in Iraq, such fundraising would have to be done clandestinely, as the GOT would take appropriate measures to combat them.

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